

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 142355Z AUG 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 9440

INFO AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: ENRG, MX

SUBJ: MEXICAN INTEREST IN PRODUCT EXCHANGES WITH U.S. COMPANIES

REF: MEXICO 7267

1. EMBASSY PETOFF, IN LENGTHY DISCUSSION WITH PEMEX DIRECTOR FOREIGN COMMERCE, WAS TOLD PEMEX GREATLY INTERESTED IN VARIOUS "PRODUCT EXCHANGES" WITH U.S. PETROLEUM FIRMS IF RED TAPE CAN BE MINIMIZED. AS THESE EXCHANGES REPRESENT NO LOSS OR GAIN IN TERMS OF PRODUCT, MAINLY SAVINGS AND CONVENIENCE IN TERMS OF SHIPMENT AND SUPPLY, EMBASSY FEELS THAT USG SUPPORT WOULD HELP STRENGTHEN PEMEX TIES TO U.S. INDUSTRY AND FURTHER CONTRIBUTE TO PRO-U.S. ATTITUDE IN PEMEX MANAGEMENT.

2. PEMEX, BECAUSE OF GEOGRAPHICAL SUPPLY PROBLEMS, WOULD LIKE TO WORK PRODUCT SWITCH INVOLVING 82 OCTANE LEADED (OR 90 LEADED IF ONLY TYPE AVAILABLE) AND ONE PERCENT SULFUR DIESEL NO. 2 IN EL PASO-CIUDAD JUAREZ AREA.

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AMOUNTS ARE SMALL, INVOLVING 6,000 BBL PER MONTH EACH

PRODUCT FOR 18 MONTHS. PEMEX, IN TURN, WILLING TO SUPPLY SAME AMOUNTS OF IDENTICAL PRODUCT ANYWHERE IN GULF AREA, OR ELSEWHERE WITH TRANSPORT DIFFERENTIAL. PEMEX WILL NEGOTIATE TERMS OF AGREEMENT WITH SELECTED U.S. COMPANIES IF FEA AND COMMERCE AGREE TO PERMIT EXCHANGE. SAVINGS WOULD ACCRUE BOTH SIDES IN TRANSPORTATION OF PRODUCT.

3. PEMEX ALSO WISHES TO EXCHANGE NO. 6 DIESEL FUEL, SUPPLYING EAST COAST U.S. AND RECEIVING ON MEXICAN WEST COAST EQUAL AMOUNT. PEMEX WILL WORK TRANSFER WITH U.S. COMPANIES IF PERMISSION GRANTED. THERE WOULD BE NO REPEAT NO GAIN OR LOSS IN TERMS OF PRODUCT.

4. FINALLY, AS MENTIONED IN REFTEL, PEMEX EXPORTING CRUDE TO SHELL REFINERY IN CURACAO AND REIMPORTING GASOLINE TO MEXICO DUE TO REFINERY SHORTAGE. PEMEX WOULD BE INTERESTED IN PAYING FEE FOR ARRAGEMENT WITH U.S. WEST COAST REFINERY FOR SAME PURPOSE, SAVING SHIPPING COSTS TO CURACAO. CAN U.S. REGULATIONS ON IMPORT/EXPORT PETROLEUM PRODUCTS BE WAIVED AS U.S. REFINERIES MERELY PROCESSING MEXICAN CRUDE? U.S. STAND TO GAIN FROM FEE ARRANGEMENT, PLUS GOOD WILL FROM PEMEX. ARRANGEMENT WOULD BE FOR PROCESSING ESTIMATED 35,000 BPD CRUDE INTO GASOLINE.

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